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# **National Intelligence Bulletin**

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PORTUGAL

Politically motivated street violence erupted in Portugal over the weekend, and more is expected this week.

The forced cancellation of the first party congress of the Social Democratic Center Party by radical left-wing groups has dampened the chances for free and orderly elections this spring. Party delegates and observers from several European parties were trapped overnight inside the congress hall in Oporto, Portugal's second largest city. Police kept demonstrators from breaking in, but the crowd could not be dispersed until internal security forces arrived from Lisbon early yesterday.

Leaders of the Social Democratic Center, dubbed "fascist" by the left, had anticipated violence. Elements of the extreme left ransacked their party headquarters and broke up a party youth rally late last year, and the far left had said it would prevent the congress from taking place.

Extremist groups held another demonstration in Oporto yesterday--with security forces present--and called for the dissolution of the Social Democratic Center. Party leaders, according to press reports, will consider that option. If they do disband, there will be no viable rightist party participating in the constituent assembly elections.

The Communists, meanwhile, have announced that they intend to hold a demonstration next Friday to compete with one already scheduled by the Socialists. The purpose of the Socialist gathering is to continue opposition to the unitary labor law approved by the cabinet last week. The Communist Party, reportedly believing the Socialists' rally will be successful, hope to draw off some of their support. Tensions are rising, and a clash between the two groups could become serious.

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OPEC

The OPEC oil, finance, and foreign ministers concluded their meeting in Algiers yesterday by calling for a summit conference of OPEC chiefs of state and agreeing to a meeting between oil consumers and producers.

The summit conference, scheduled to take place sometime between February 21 and March 8, will focus on developing coordinated OPEC positions for discussions with oil importers. The ministers agreed that the meeting with importers should be attended by representatives of developing countries as well as industrialized nations, as sought by the French.

The date and site of the international conference were not set, but Saudi Oil Minister Yamani told reporters that a preliminary meeting could be held in March to establish an agreed agenda for a full-scale conference of exporters and importers.

In other action, the Algerians proposed that the freeze on oil prices be continued throughout 1975, but that the price be increased in 1976 and 1977 based on an index correlated to "certain factors to be defined" and the rate of inflation. Other items discussed included the prospect that Western nations might scrap official gold rates and thus revalue their currencies, and the threat posed to OPEC by the International Energy Agency. The vagueness of the final communiqué, however, indicates that the conference focused on generalities.

The outcome of the conference was as good as could be expected from the consumers' point of view. The final communiqué was moderate, and various ministers--including those from Saudi Arabia, Venezuela, and Nigeria--indicated that the conferees had decided to adopt a position of cooperation rather than confrontation.

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USSR-EGYPT

Foreign Minister Gromyko's upcoming trip to Cairo, set for February 3-5, appears to be an attempt by the Soviets to prevent a further deterioration in their relations with Egypt.

Egyptian Foreign Minister Fahmi indicated at the time of the announcement on Saturday that the visit is a result of continuing exchanges between General Secretary Brezhnev and President Sadat.

Gromyko probably will attempt to keep the lines of communication open between Cairo and Moscow in the aftermath of the postponement in late December of a trip by Brezhnev to the Middle East. The Soviets have been irritated by Sadat's renewed public criticism of the USSR and may be particularly concerned over his threat, made in an interview in Le Monde last week, to abrogate the Soviet-Egyptian friendship treaty.

The Soviet foreign minister may also be seeking a reading on the state of Egyptian-Israeli disengagement talks, particularly in view of Secretary of State Kissinger's reported plans to visit the Middle East next month. Moscow has continued to snipe at Egyptian support for the US-sponsored, step-by-step approach to a settlement with Israel. Gromyko's trip will give both international and domestic Soviet audiences the image of a continuing role for the USSR in the region.

The contentious subject of Soviet arms supplies to Egypt is certain to be aired. The Soviets have been moving slowly--if at all--to fulfill the pledge, made during Fahmi's visit to Moscow late last month, to supply Egypt with the weapons it had ordered prior to the October 1973 war. Only one Soviet ship carrying military equipment has arrived in Alexandria since Fahmi's trip.

It seems unlikely that Gromyko will offer to reschedule the Brezhnev trip, given the strains in Soviet-Egyptian relations and Brezhnev's uncertain health. A Soviet press officer recently told a US embassy official in Moscow that he does not expect Brezhnev to visit the Middle East soon.

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ECUADOR

The navy seized four US tuna boats Saturday for allegedly fishing within Ecuadorean territorial waters. A Canadian boat was also taken but subsequently released.

The seizures, the first since the 1972-73 fishing season, come at the same time Quito is charging that the US Trade Reform Act discriminates against Ecuador because of its membership in OPEC. They also follow the promulgation of a revised fishing law on January 1 and the recent erosion of the authority of the navy in the area of natural resources. The navy is seeking US assistance in modernizing its fleet.

The new fishing law reaffirms Ecuador's claim to a 200-mile territorial sea limit, within which foreign fishing boats are required to be licensed to operate. It also establishes a zone within 40 miles of shore in which foreign fishing is prohibited altogether.

Naval headquarters in Guayaquil announced that the seizures on Saturday took place "40 miles off the coastline." This ambiguity appears to give Ecuadorean officials the option of treating the matter either as a simple case of unlicensed fishing, with heavy fines the likely penalty, or as fishing in a prohibited zone, with the additional possibilities of confiscation of the catch and the boats and jailing of the crews.

Traditional rivalries between the army and navy within Ecuador's military government have been unusually sharp since October, when President Rodriguez, an army general, eased out the powerful and ambitious Admiral Gustavo Jarrin, who, as minister of natural resources, had been responsible for administering both fishing and petroleum. Subsequently, an army officer was appointed military governor of Guayas Province, historical seat of naval authority which had been governed by a naval officer.



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The boat seizures may thus serve different purposes for different persons or groups. It is a tactic President Rodriguez can use in attempting to impress the US with his displeasure over the trade act. It is also a way the Ecuadorean navy can assert itself within the government.

In these circumstances, Ecuador is likely to take a strong initial position in dealing with the crews, their parent companies, and US consular officers. By pegging the seizure to the far limit of the 40-mile prohibited zone, however, the government may be suggesting that it is willing to temper enforcement to match US flexibility in other aspects of bilateral relations.

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PERU

Soviet 122-mm howitzers and truck-mounted rocket launchers have been detected in Peru for the first time. They were seen by the US army attaché at a new military complex just north of Lima.

These weapons augment other Soviet equipment already in Peru--T-55 tanks, MI-8 helicopters, and portable bridge units. The bridge equipment, which is capable of supporting T-55s, was noted moving south from the capital in mid-January. It may be positioned in the south as part of Lima's continuing effort to increase its military capability near the Chilean border.

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SOUTH VIETNAM

Communist commentary on the second anniversary of the Paris cease-fire agreement today is predictably blaming Saigon and Washington for the continued warfare in South Vietnam.

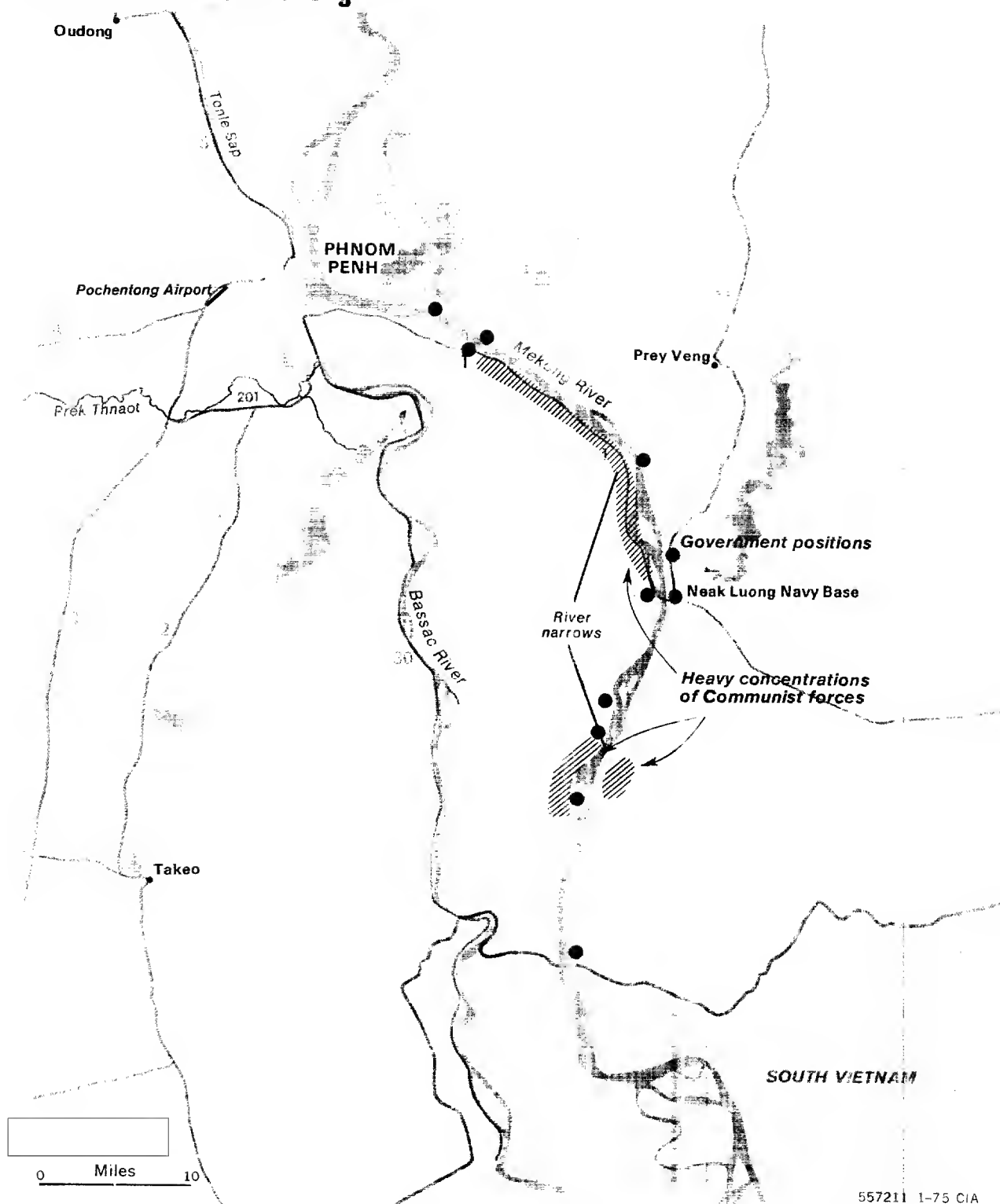
In a communiqué on January 17, the Viet Cong's Provisional Revolutionary Government repeated its pronouncement of last October that President Thieu must resign and that all US aid to South Vietnam must cease before serious consideration can again be given to resuming negotiations. The PRG also published a lengthy "white book" which details alleged cease-fire violations by the US and Saigon during the past two years and claims that the Communists will continue to respect and implement the Paris Accords.

The Communists have reacted strongly to President Ford's statement that he will ask Congress for supplemental military aid for the Saigon government. In an authoritative article in Nhan Dan, their party daily, the North Vietnamese vigorously attacked the aid request as a clear indication of the unwillingness of the US to implement the cease-fire agreement. The article also attempted to portray continued US assistance to Saigon as ample justification for the Communists' military campaign in the South.

The Communists have been emphasizing the recent decision to allow the PRG to open a liaison office to UN humanitarian offices headquartered in Geneva. In the process, the Communists have been pointing to the Paris Accords' description of "two South Vietnamese parties" as tantamount to recognition of the existence of the PRG as a legitimate and co-equal South Vietnamese governmental entity. Communist stress on this line is intended to support the PRG's current efforts to gain at least observer status in other UN forums, such as the coming Law of War and World Meteorological conferences.

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**Cambodia: Lower Mekong**

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CAMBODIA

A Mekong River convoy has reached the Cambodian capital; it is the second convoy in three days to complete the trip from South Vietnam. The arrival of the two convoys will provide a psychological lift to the Cambodians, whose Mekong lifeline had been cut since early this month.

A tanker and two barges escorted by 18 naval craft arrived in Phnom Penh on Saturday night carrying much-needed petroleum and ammunition. Naval and air support reportedly were excellent during the 60-mile trip.

A second tanker which had started with the convoy returned to Neak Luong because of a fire resulting from several hits. Repairs were made, and the ship completed the journey to Phnom Penh yesterday.

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Communist forces also are continuing rocket attacks on Phnom Penh and nearby Pochentong airfield. Relatively little damage has resulted so far. A recent increase in fighting north and west of Phnom Penh, however, may represent a Communist attempt to get close enough to Pochentong for more accurate rocket and howitzer attacks.

Elsewhere, fighting over the weekend was relatively light and scattered.

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JAPAN

The number of unemployed workers rose about one third in December, according to a special survey by the Ministry of Labor. Further increases are likely over the next few months.

Although the one million unemployed represent only about 2 percent of the labor force, the number is up from 700,000 in November and is the highest figure in about 20 years. The rate, moreover, does not take into account the large number of temporary layoffs, early retirements, and paid "vacations" announced recently by Japanese firms.

Most of the increase in unemployment has occurred in manufacturing, where producers appear to have given up on a quick upturn in sales and are trying to reduce record inventories by temporary closings or work-force reductions. This task is particularly difficult in Japan, however, as the lifetime employment system is entrenched, and corporations rather than the government are expected to maintain the incomes of wage-earners.

Most firms have increased the number of holidays or closed for a week or two. Full pay for workers in these cases is common, and even those laid off for long periods are usually given up to 90 percent of their pay. The record number of bankruptcies and of unemployment benefit applications, however, indicates serious strains on the system, and Tokyo is under increasingly heavy pressure to ease its anti-inflationary policies to boost demand and production.

Tokyo augmented its unemployment benefits system last month and has provided loans to the industries hardest hit, but it insists that no major expansionary program is likely to be launched for several months. The government had not anticipated, however, that the rate of unemployment would rise so quickly. Prior to the release of the end-of-December figures, the number of unemployed had not been expected to reach one million until March.

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The government has been holding off on policy shifts, hoping to bring the rate of inflation down from the current 25 percent a year to about 15 percent by the start of the nationwide round of wage negotiations in March and April. Relatively high unemployment would tend to reduce wage demands as well.

Industrial output is nearly 15 percent below last year's level, and stocks of unsold goods are still on the rise. Further production cuts have been announced for the next several months in many industries. As the recession drags on, additional unemployment is almost certain.

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NIGERIA

A new 19-man cabinet--the Federal Executive Council--was appointed by General Gowon last Friday for a three-year term.

Although cabinet members do not sit on the Supreme Military Council, Nigeria's highest formal executive body, they exert considerable influence on Gowon and the senior military leadership in setting foreign and economic policy.

The cabinet is now composed mainly of military and police officials, with several of the 11 new members middle-grade officers. The ministerial shuffle partially fulfills a pledge made by Gowon in October to bring new blood into the country's leadership. The important portfolios of external affairs, economic development, finance, and mines and power, however, are in the hands of civilian incumbents.

Gowon now faces the delicate political task of naming a new set of military governors, which he has promised to do by April 1. The governors hold a majority of seats on the Supreme Military Council, and any large intake of younger officers at this high level in April could have important effects on national policy.



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MALAGASY REPUBLIC

General Ramanantsoa, the head of government, has dissolved the cabinet and promised to form a new government in an attempt to end military and tribal unrest. Ramanantsoa claimed the change was the result of economic difficulties. He made no mention of political tensions.

The government has faced a serious crisis since an unsuccessful coup attempt by military officers on January 1. The officers, members of Madagascar's coastal tribes, resent the Ramanantsoa government's domination by Merina tribesmen of central Madagascar.

Ramanantsoa apparently intends at this point to form a new government with a larger representation of coastal tribesmen.

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**FOR THE RECORD**

Bangladesh: Mujibur Rahman was sworn in as President on Saturday, following swift parliamentary approval of his plan to convert Bangladesh to an authoritarian presidential system. The presidency, formerly a ceremonial post, will become the focus of executive authority. As President, Mujib now has dictatorial powers, which he can exercise at his discretion. For example, he is authorized to declare Bangladesh a one-party state. Under the new system, the President is to be elected directly, but neither Mujib nor parliament is required to run for election until 1980.

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